

**MCA/Calling Scope Task Force**  
**July 21, 2004 Meeting**  
**Minutes**

**Task Force Members in Attendance:**

Senator Jim Matthewson  
Senator John Griesheimer  
Representative Bob Johnson  
Representative Rachel L. Bringer  
Mayor Karen Messerli (Missouri Municipal League)  
Bill Biere (Chariton Valley Telephone Company)  
John Idoux (Sprint)  
Arthur Martinez (CenturyTel)  
Michael Pauls (AT&T)  
Craig Unruh (SBC)  
Mike Dandino (OPC)  
Virginia McNabb (Queen City resident)  
John Van Eschen (Staff)  
William Voight (Staff)

**Other attendees:** Commissioner Steve Gaw, Commissioner Connie Murray, Commissioner Robert Clayton, Commissioner Jeff Davis, Walt Cecil, Colleen Dale, Larry Dority, Bill Gamble, Craig Johnson, Linda Kline, Mohammad Harunuzzaman, Mimi MacDonald, Toni Messina, Becky Powell, Renee Reeter, Mike Scheperle, Ric Telthorst, Megan Word, Doug Galloway, Morris McNabb, Richard Lawson, Marc Poston, Brian Cornelius, and Diana Farr.

**General Discussion About the Task Force:**

**Commissioner Gaw:**

- Thanks for participation and work on the Task Force;
- Reminded members not to get lost in the detail. The Commission wants
  - Policy suggestions, not calling plans;
  - To see if there is a need for expansion of the MCA plan or expanded rural calling scopes; and if so, how;
  - Task force to explore need and demand for expansion;
- The legislators are needed; their experience and perceptions are key to understanding current circumstances;
- The Commission wants the legislators' ideas and directions;
- The object of this taskforce is to gauge the need for some kind of process and if one is found necessary to identify a viable process to satisfy that need;
- Avoid detail - provide high level suggestions
- **The main question - are people satisfied with current calling scopes or not.**
- This task force is unlike previous task forces because legislators are task force members.

**Representative Johnson:**

- The detail is becoming wearisome;
- A policy product is doable;

**Senator Matthewson:**

- The Task Force is going no-where if we want to establish some sort of policy.
- A policy product is a positive step and is possible;
  - Concerned that when the taskforce has concluded its work the Commission will not act;
  - Nothing has been done by the Commission with past task force recommendations;
- Movement toward some reasonable outcome is necessary; we should start developing a plan of action that can be taken;
- His constituents do want expanded calling but do not expect it for free;
- There should be a plan in place in response to consumer letters/petitions.
- There is no need to meet every other week until Oct. 15 if the taskforce can establish a policy and recommend it to the Commission.

**Representative Bringer:**

- A policy is needed.

**Senator Griesheimer:**

- Proposals should be brought before the task force for its consideration. They should be voted upon and the task force should be disbanded;
- Will welcome proposals made by companies;
- Is open to helping solve problems with legislation if such is needed.

**Mike Dandino (Office of the Public Counsel):**

- Mike distributed a handout:
  - Should expand MCA;
  - Should have a plan for the expansion/creation of rural calling scopes.
  - (Note: Senator Griesheimer requested Mike add the Warrenton exchange to his proposal.)
- The Office of the Public Counsel is not opposed to increases in local rates or reductions in access rates if additional reasonable value accrues to the end-user. OPC will not support a revenue neutral shift if the end-user does not receive increased value for rate changes.

**Bill Biere (Chariton Valley Telephone Company):**

- Small incumbent local telephone companies have discussed what could/should be done;
  - Many small companies have established plans in response to needs and changes in the market (EAS-like plans and COS replacement plans).

- Not all small companies agree on whether calling scopes should be expanded.
- Any policy resulting from this Task Force should be individualized on a company-specific basis.
- Any expansion of current calling scopes will require:
  - Some kind of rate rebalancing and access reform. High rates for switched service are a deterrent.
    - Local rates will have to increase but only to some reasonable level.
    - A statewide fund may be necessary to support the costs beyond the reasonable level asked of the local rate payer.
  - Interexchange carriers should be included in any such proposal for they will also be affected.

**John Idoux (Sprint):**

- John distributed a handout.
- Agrees with same thoughts expressed by Bill Biere; however would add that if an area can demonstrate a local community of interest then we should have some sort of plan whereby local calling scopes can be changed.
- A subcommittee could/should determine how a community of interest can be defined.
- Sprint believes high access costs/rates are a big disadvantage; they hinder the market from proposing plans to satisfy consumer demand. Companies should create plans, not regulators. Market forces could better address most calling scope problems; however may need additional action.
  - In Kansas, a reasonable affordable statewide local monthly rate has been established at \$21.
  - High cost Missouri USF fund could help reduce high access rates;
  - Isolated pockets will likely continue to exist but carriers can be encouraged to work with these, location specific plans, pick an affordable local rate (possibly phased in).

**Arthur Martinez (CenturyTel):**

- Arthur presented a slide show and handout;
- Echoes same sentiments expressed by Bill Biere and John Idoux.
- Processes to evaluate consumer need and to approach the PSC are needed;
- Any proposal should be cognizant of intercarrier compensation reform taking place by the Federal Communications Commission.
- CenturyTel has found local rates over \$20 are unsupportable without adding some sort of value to the customer. An affordability fund or universal service fund is needed.

**Mike Dandino** (Office of the Public Counsel): Not opposed to increasing local rates to decrease switched access rates if such rate rebalancing brings benefits to the consumer. Need a commitment that benefits will be brought to consumers. Need something more than a “trust me” from the companies.

**Commissioner Clayton:** The Public Service Commission should act as a facilitator in developing calling scopes.

**Senator Matthewson:** Is there a process in place today for accepting calling scope petitions? Answer: no.

**Linda Kline:** It is currently a toll call to call from Greenwood to the local school unless you subscribe to the metropolitan calling area plan.

**Craig Unruh (SBC):**

- Craig distributed a handout.
- Should take a macro-look at the needs of the state. The Task Force needs to see what's currently available.
- Let's see what people have to say in public meetings. Public meetings should be an informal dialogue. What's the consumer's level of understanding? What's on their minds? If the calling scope issue is a big issue then perhaps something needs to be done. If enough people want something to be done then community of interest standards should be established.
- Commission's role is to create incentives. Access reform. Remove outdated regulation.
- Encouraged with current discussion.
- Market should innovate, regulators should not mandate;

**Representative Johnson:** Do we really don't know what the public wants?

**Craig Johnson:** One size doesn't fit all. Craig questions if public meetings will be beneficial.

**Commissioner Clayton:** It may be a waste of time to do a large number of public meetings. Better to come up with process first to judge public interest.

**Senator Greisheimer:** We all know what the public is going to say.

**Commissioner Murray:** Perhaps some sort of community of interest process should be established prior to having any public meetings. May be beneficial to know if consumers are willing to pay the cost for a particular plan.

#### **Additional Discussion/Comments/Questions About Public Hearings:**

Public hearings are too formal. Attendees should be able to ask questions and have a two-way dialogue.

What are consumers doing today? Are consumers using their cell phones for toll calling? What do consumers want?

Are public hearings needed? What may be learned from public hearings is already known.

It may be a misuse of time to have public meetings unless the task force has a proposed process in place.

Consumer behavior is not well understood.

Companies do not know how consumers' are changing behavior to company offerings or lack thereof. Properly determined processes will compensate for lack of knowledge and will allow consumers to approach the PSC.

Can't have hearings everywhere. It may be difficult to determine where hearings should be held.

Better to determine some policy and process to gauge consumer need/desires/communities of interest and then hold public hearings as needed.

Should heed legislator's feelings regarding public hearings.

Subcommittee should be established and work before further public hearings discussion.

**Michael Pauls (AT&T):**

- Challenged the Task Force to look "bigger".
  - Make flat rate statewide calling possible. Might be better to leapfrog MCA and other proposals and provide statewide-local calling.
  - In Minnesota the state legislature is looking for a plan to be filed by January 15, 2005 for toll-free state-wide calling.
- Local/toll distinction is blurring. Should move towards a concept that a minute-is-a-minute of use whether local or toll. Companies should bill all local and toll calls the same, even reciprocal compensation. This concept requires changes in intercompany compensation.
- Expansion of local calling will mean loss of some long-distance company's business. There will be no benefit without a cost experienced by someone. Change is needed.

**Senator Matthewson:** Need a plan before we have public meetings. A sub-committee should work on basic policy position and report back to the Task Force at the next meeting. The sub-committee should have 5 or 6 people. Should have clear questions for the public.

**Commissioner Murray:** Need to keep minds open to competition and regulatory framework.

**Virginia McNabb (Queen City):** In my area it is a toll call to call many important services.

**EAS Map Presentation**

Bill Voight is developing a map showing extended area service routes. He showed the latest draft of the map.

A discussion developed of the differences and similarities between Extended Area Service and Community Optional Service. (EAS is mandatory while COS is optional.)

The Commission's EAS rule has been rescinded. COS had approximately 17% subscription rate, where available. COS is no longer available.

**Information about currently available calling plans:**

Mike Scheperle distributed three handouts. One handout, "Local Calling Scopes and Extended Calling Plans" identifies each exchange in Missouri and its residential local service rate. This handout also shows whether the exchange has EAS or MCA and if so, the applicable additional rate, if any. The handout also identifies other calling plans offered by the incumbent local telephone company and other companies in this exchange. These plans are explained in a second handout "Significant Calling Plans Offered in Missouri". A third handout "Voice over the Internet Protocol (VoIP) Services" identifies and explains some of the available VoIP services.

**Next Action:**

The Task Force determined a subcommittee will be formed and report back to the Task Force at the next meeting. Commissioner Gaw is supportive of the subcommittee concept but wanted to further discuss the make-up of subcommittee before actually naming subcommittee members. The subcommittee should develop policy proposals. Subcommittee members are encouraged to solicit ideas from other Task Force members.

**Next meeting**

- August 4, 2004 at 10:00 am
- Governor Office Building, Room 470
- Jefferson City

*Note: At this time the August 4<sup>th</sup> Task Force meeting is still on; however the August 4<sup>th</sup> Task Force meeting may be postponed depending on the status of the work by the subcommittee.*